

Message Text

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ACTION NEA-11

INFO OCT-01 ISO-00 DOE-15 SOE-02 AID-05 OES-07 ACDA-12
CIAE-00 INR-10 IO-13 L-03 NSAE-00 NSC-05 EB-08
NRC-05 DODE-00 SS-15 SP-02 CEQ-01 PA-01 ICA-11
/127 W

-----068495 291409Z /11

R 281029Z JUN 78
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 2450
INFO AMCONSUL BOMBAY
AMCONSUL CALCUTTA
AMCONSUL MADRAS

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E.O. 11652: NA
TAGSC TECH, IN, US
SUBJECT: THE PRESS ON THE TARAPUR STORAGE PROBLEM

REF: BOMBAY 1573 (NOTAL

BEGIN UNCLASSIFIED

1. SAEED MAQVI, IN THE JUNE 28 "INDIAN EXPRESS", REPORTS THAT INDIA AND THE US HAVE AGREED ON AN "INTERIM ARRANGEMENT" FOR DISPOSAL OF SPENT FUEL FROM THE TARAPUR ATOMIC POWER STATION (TAPS). UNDER THE ARRANGEMENT, INDIA WILL REPORTEDLY SPEND RS. 30 MILLION (\$3.6 MILLION) TO CREATE SUFFICIENT STORAGE CAPACITY AT TARAPUR TO ACCOMMODATE SPENT FUEL DISCHARGED THROUGH THE EARLY 1980S.

2. NAQVI OUTLINES THE BACKGROUND OF THE INTERIM ARRANGEMENT, GOING BACK TO MID-1976 WHEN IT BECAME CLEAR THAT EITHER SPENT FUEL HAD TO BE REMOVED FROM TARAPUR'S STORAGE POOLS OR ADDITIONAL STORAGE SPACE PROVIDED. REMOVING
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SPENT FUEL BY MEANS OF AN INDO-US "JOINT DETERMINATION" TO REPROCESS IT CLASHED WITH US NON-PROLIFERATION GOALS IN LIGHT OF INDIA'S REFUSAL TO ACCEPT FULLSCOPE SAFEGUARDS. THE ALTERNATIVE MEANS OF REMOVAL--REPURCHASE BY THE US--WAS DETERMINED TO BE TIME-CONSUMING, LOGISTICALLY DIFFICULT AND UNECONOMIC. AT THIS POINT, THE POSSIBILITY OF RERACKING THE STORAGE POOLS WAS EXAMINED

BY THE USG'S CONTRACTOR FOR TARAPUR, GENERAL ELECTRIC, WHICH PREPARED A FEASIBILITY STUDY AT NO COST TO INDIA AND SUBMITTED IT TO THE GOI IN DECEMBER 1977. GE'S CONCLUSIONS REGARDING THE FEASIBILITY OF ENLARGING TARAPUR'S STORAGE CAPACITY IN TIME FOR THE REACTOR'S NEXT REFUELING PROVIDED THE FOUNDATION FOR THE "INTERIM ARRANGEMENT", WHICH WILL PROVIDE STORAGE FOR TAPS SPENT FUEL DISCHARGED THROUGH THE EARLY 1980S, WHILE INDIA AND THE US SEEK TO AGREE ON A LONG-TERM SOLUTION TO THE PROBLEM.

3. NAQVI ACKNOWLEDGES THAT THIS PLAN RAN INTO OBJECTIONS FROM THE "INDIAN NUCLEAR ESTABLISHMENT", WHICH QUESTIONED THE WISDOM OF SPENDING MONEY FOR MORE STORAGE SPACE WHEN TARAPUR'S FUEL SUPPLY FROM THE US REMAINS IN DOUBT. NAQVI OBSERVES THAT "IMPLICIT IN THE DECISION TO

RERACK THE SPENT FUEL IS THE CONFIDENCE THAT NUCLEAR FUEL SUPPLY IS NOW ENSURED UNTIL 1979 AND POSSIBLY EVEN AFTER THAT DATE. THIS ENABLES THE DEBATE BETWEEN THE TWO COUNTRIES ON NON-PROLIFERATION (AND THEREFORE NUCLEAR COOPERATION) TO CONTINUE...(AAND) ALSO GIVES INDIA TIME TO DEVISE ALTERNATIVE WAYS TO KEEP TARAPU GOING IN THE EVENT OF THE UNITED STATES GOING BACK ON THE CONTRACT IN SEPTEMBER 1979 UNDER THE COVER OF THE NEW NON-PROLIFERATION ACT."

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4. NAQVI ALSO REPORTS THAT THE QUESTION OF A "JOINT DETERMINATION" ON REPROCESSING CAME UP DURING PRIME MINISTER DESAI'S TALKS WITH PRESIDENT CARTER IN WASHINGTON. ACCORDING TO NAQVI, INDIA COMPLIED WITH THE US REQUEST NOT TO TAKE UP THE MATTER AT THAT TIME IN VIEW OF THE INFCE IN PROGRESS. END UNCLASSIFIED

BEGIN LOU

5. CONGEN BOMBAY POINTS OUT (REFTEL) THAT THE RS. 30 MILLION COST OF RERACKING QUOTED BY NAQVI APPEARS TO BE A REITERATION OF AN ERRONEOUS ESTIMATE CIRCULATED IN INDIA'S PARLIAMENT EARLIER THIS YEAR. THE COST OF RERACKING, AS CONVEYED TO IAEC OFFICIALS BY THE GE TEAM AND BY CONGEN, IS LIKELY TO BE NEAR RS. 10 MILLION. CONGEN EXPECTS NAQVI'S STORY TO RAISE A LOT OF QUESTIONS AS TO WHY THE GOI WOULD SPEND SO MUCH ON RERACKING WHEN INDIA IS LIKELY TO ACQUIRE A RELATIVELY SMALLY AMOUNT OF ADDITIONAL URANIUM FUEL BEFORE THE 1979 CUTOFF DATE IN THE US NONPROLIFERATION ACT. END LOU.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, STORAGE, NUCLEAR FUELS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NEWDE09935
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780269-0347
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780612/aaaaajxm.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1b394f7e-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BOMBAY 1573
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2179761
Secure: OPEN
Status: NATIVE
Subject: THE PRESS ON THE TARAPUR STORAGE PROBLEM
TAGS: SOPN, TECH, IN, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/1b394f7e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014